

EXHIBIT 21

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2 form of Order.

3 JUDGE GONZALEZ: Does anyone else
4 w' sh to be heard?

5 (Whereupon, no response was heard.)

6 JUDGE GONZALEZ: No further comment
7 being heard, based upon the pleadings as
8 filed and the representations made on the
9 record, I will grant the relief requested.

10 You may hand up the Order.

11 MS. MAYER: Thank you, Your Honor.

17 MS. MAYER: Yes, Your Honor.

18 Sylvia Mayer, again, on behalf of the
19 Reorganized Debtors.

20 Your Honor, the Reorganized Debtors
21 filed an amended version of Schedule S under
22 Notice of Presentment, and an Objection was
23 filed by Baupost/Abrams.

24 Under the confirmed Plan, subject
25 to the ultimate allowance of the claims,

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2 certain claims are entitled to the benefit of
3 contractual subordination provisions in four
4 pre-petition indentures. Exhibit L to the
5 Plan identified the four pre-petition
6 indentures and set forth the relevant
7 provisions in each of the indentures that
8 define the Senior Indebtedness for purposes
9 of benefiting from the contractual
10 subordination provisions.

19 On July 29th, the Reorganized
20 Debtors filed their Amended Schedule S,
21 setting forth in greater detail the claims
22 benefiting from contractual subordination, as
23 well as adding and removing certain claims
24 from the list.

25 One Objection was filed to the

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2 Amended Schedule S by Baupost/Abrams. They
3 filed the sole Objection.

15 Several Creditors with interest in
16 the letter of credit or Intercompany Claims
17 have responded to Baupost's Objection and
18 assert positions contrary to Baupost's
19 interpretation of these provisions.

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2 distributions to with respect to the
3 contractual subordination provisions.

4 Depending on the outcome of the
5 issues, some of the issues that are raised by
6 Baupost may affect claims that were not
7 identified by Baupost in their Objection. So
8 the Reorganized Debtors have reserved their
9 rights to further modify Schedule S,
10 depending upon the Court's ruling, but
11 otherwise the Reorganized Debtors are
12 effectively neutral as to these issues that
13 are essentially an intercreditor dispute.

14 JUDGE GONZALEZ: All right. Thank
15 you.

16 I assume I will then hear first
17 from Baupost?

18 MR. WINSTON: Good morning, Your
19 Honor. Eric Winston of Stutman Treister &
20 Glatt on behalf of the Baupost Group and
21 Abrams Capital, holders of a substantial
22 number of Enron unsecured claims.

23 As Ms. Mayer pointed out, we were
24 the only Objectors to Schedule S. Our
25 objection focused on --

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2 capable of more than one interpretation.

If Your Honor doesn't have any further questions, let me go on to the TOPRS Indentures. For purposes of Intercompany Claims, the definition of "Senior Indebtedness" in the TOPRS Indentures turns on two principles. The first is the indebtedness has to be evidenced by notes, bonds, debentures, or other securities. This definition is actually certainly different than the definitions used in 1987 Indenture or the two Loan Agreements and it is certainly, at least in Baupost/Abrams' view, more limiting, because it requires evidence of a Note/Bond Debenture and it has "or other security." The 1987 Indenture uses "other instruments" and, of course, the Loan Agreements don't have anything like that.

20 Then the other key aspect, and
21 which is why we think the Enron Finance
22 Claims and the Cherokee Claims have to come
23 off the list, is the indebtedness has to be
24 sold by Enron. This is somewhat of a curious
25 definition. I don't know if I have ever seen

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2 it in any other indenture. It is certainly
3 not in the 1987 Indenture, but it is the
4 language that is used in the TOPRS
5 Indentures.

6 None of the Intercompany Claims for
7 which we have objected that are remaining --
8 the Enron Finance Claims and the Cherokee
9 Claims -- are ones that were sold by Enron.
10 Contrast that to the claims of Enron Equity
11 Corporation. We had initially objected to
12 it, but after it was demonstrated to Baupost
13 and Abrams that these particular claims were,
14 in fact, sold by Enron, there was a warrant
15 to purchase these notes that was held by
16 Enron Equity Corporation. That is nothing
17 like that with respect to the Enron Finance
18 Claims or the Cherokee Claims. This
19 language, we submit, is unambiguous and no
20 other party with respect to the Intercompany
21 Claims has disputed the terms as ambiguous
22 with respect to what is meant by "sold by."

23 I have one other point to add, by
24 using the terms "notes, bonds, debentures, or
25 other securities sold by Enron," it suggests